No Objection to Declassification in Part 2011/10/27 : LOC-HAK-549-1-25-4

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FM THE SITUATION ROOM TOHAK 121

State Dept. review completed

TH LARRY EAGLEBURGER FOR SECRETARY KISSINGER

T D P S E C R E T SENSITIVE CONTAINS CODEWORD WH40311

TOHAK 121

DELIVER OPENING OF BUSINESS

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

MEMORANDUM FOR THE SECRETARY
FROM: THE SITUATION ROOM
SUBJECT: MORNING REPORT

FRENCH FRANC TO FLOAT FOR SIX MONTHS:

AFTER AN EXTRADRDINARY CABINET MEETING THIS MORNING,

THE FRENCH GOVERNMENT MADE THE UNEXPECTED ANNOUNCEMENT THAT

THE FRANC WOULD BE ALLOWED TO FLOAT FREELY FOR A PERIOD OF

SIX MONTHS. THE FRANC HAD WEAKENED CONSIDERABLY RECENTLY AND

PARIS PRESUMABLY FEARED THAT CONTINUED EFFORTS TO SUPPORT IT

WITHIN THE EC JOINT FLOAT WOULD LEAD TO A LARGE LOSS OF RE
SERVES. THE FRANC WILL NOW PROBABLY DEPRECIATE FURTHER,

GIVING A BOOST TO FRANCE'S TRADE PALANCE AT THE EXPENSE OF ITS

IRADING PARTNERS, MOST OF WHOM ARE ALREADY EXPECTING LARGE GIL
INDUCED TRADE DEFICITS. THE FRENCH DECISION ALSO MEANS THAT

THE EC JOINT FLOAT HAS ALMOST CEASED TO EXIST, AS THREE OF

THE FOUR MAIN CURRENCIES ARE NOW FLOATING INDEPENDENTLY.

PELP REJECTS ISRAELI-EGYPTIAN AGREEMENT:
THE POPULAR FRONT FOR THE LIBERATION OF PALESTINE (PELP) TOWAY
ANNOUNCED ITS REJECTION OF THE ISRAELI-EGYPTIAN DISENGAGEMENT
AGREEMENT, DESCRIBING IT AS A SURRENDER STEP ON THE PART OF
EGYPT. IN A STATEMENT ISSUED IN BEIRUT THE FRONT ALSO ATTACKED
THE EGYPTIAN REGIME FOR SIGNING THE ACCORD. IN THE FIRST
COMMENT TO BE MADE BY A PALESTINIAN COMMANDO ORGANIZATION, THE
PELP SAID THE ARAB REGION WAS FACING A FIERCE IMPERIALIST AND
ZIONIST ONSLAUGHT AIMED AT HUMILIATING THE ARAB NATION, EXPIBITING
ITS WEALTH AND PLACING THE HOMELAND UNDER DIRECT IMPERIALIST
DOMINATION UNDER THE LEADERSHIP OF THE UNITED STATES OF AMERICA.
"THE SURRENDER STEP TAKEN BY THE EGYPTIAN REGIME IN AGREEMENT

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WITH THE ZIONISTS AND AMERICAN IMPERIALISTS IS IN PREPARATION FOR HANDING OVER THE REGION AND ITS PEOPLES TO THE IMPERIALIST-ZIONIST OCTOPUS*" IT ADDED.

FRENCH PROPOSAL FOR ENERGY CONFERENCE UNDER UN AUSPICES: A FRENCH LETTER TO UN SECRETARY GENERAL WALDHEIM ON JANUARY 18 FORMALIZED THE PREVIOUSLY ANNOUNCED FRENCH PROPOSAL THAT A WORLD ENERGY CONFERENCE BE HELD UNDER UN AUSPICES. ACCORDING TO QUAL UN DIRECTOR LEPRETTE, THE LETTER EMPHASIZED THE MAGNITUDE AND URGENCY OF THE PROBLEM BUT DID NET SUGGEST BETAILS ON PROCEDURE. THE QUAL REFICIAL SAID THAT THE FRENCH HAVE NO SPECIFIC AGENDA ITEMS YET AND WOULD AWAIT SUGGESTIONS FROM WALDHEIM, THE US GOVERNMENT AND OTHERS. LEPRETTE OBSERVED THAT HE SAW NO CONFLICT BETWEEN THE UN CONFERENCE PROPOSAL AND THE MEETING ON FEBRUARY II IN WASH-INGTON. THE FRENCH AND OTHER EUROPEANS HAVE BEEN CONCERNED THAT THE WASHINGTON CONFERENCE WOULD OFFEND THE ARAB WORLD. THE TO PROMOTION OF A WORLD CONFERENCE IS DESIGNED TO SOFTEN THIS ALLEGED OFFENSE AND TO STRENGTHEN PARIS! ROLE AS MUCH AS POSSIBLE VIS A VIS WASHINGTON IN DEALING WITH THE DIE-PRODUCING STATES. PARIS MAY ALSO BE SEEKING TO PROTECT ITS FREEDOM TO MAKE THE BILATERAL DEALS IT FAVORS.

BREZHNEY TO CUBA....FINALLY:
THE USSR HAS REQUESTED OVERFLIGHT CLEARANCE FROM THE US FOR GENERAL SECRETARY BREZHNEY:S VISIT TO CUBA. BREZHNEY WILL ARRIVE IN CUBA ON 28 JANUARY AND DEPART ON 3 FEBRUARY. THE SOVIET CHIEF OF THE FOREIGN MINISTRY'S LATIM. AMERICAN DIVISION TOLD THE US CHARGE IN MOSCOW ON JANUARY 18 THAT SOVIET-CUBAN ECONOMIC TIES WILL "UNDOUBTEDLY" BE ON THE AGENDA, ADDING THAT SOVIET EXPORTS TO HAVANA NOW INCLUDE 4.5 TO 5 MILLION TONS OF PETROLEUM ANNUALLY. HE OFFERED NO ADDITIONAL DETAILS ON THE VISIT, HOWEVER, THE NUMEROUS DELAWS IN THE START OF THIS VISIT INDICATE THAT BREZHNEY IS LESS THAM ANXIOUS TO MAKE THE TRIP IN THE FIRST PLACE AND THAT OTHER DEVELOPMENTS--PARTICULARLY THE SITUATION IN THE MIDDLE EAST-- HAVE PREDCCUPIED HIM:

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